

The Office of the Inspector General (OIG), Department of Defense (DoD) announced today that on August 14, 2001, in U.S. District Court, New Haven, CT, Richard Markoll, Boca Raton, FL, owner and operator of Magnetic Therapy Scovill Street, Incorporated (Magnetic Therapy), Ernestine Binder Markoll, Boca Raton, FL, Office Manager, Magnetic Therapy and Magnetic Therapy, Waterbury and Danbury, CT, were sentenced. Richard Markoll was sentenced to 3 years probation, a \$4,000 fine and a \$100 special assessment. Ernestine Binder Markoll was sentenced to 2 years probation, a \$1,000 fine and a \$25 special assessment. The corporation, Magnetic Therapy, was sentenced to a 1-day summary probation and a \$200 special assessment.

Richard and Ernestine Markoll previously pled guilty to a 15-count indictment charging conspiracy to violate the Investigative Device Exemption statute of the Federal Food Drug and Cosmetic Act and signed a joint civil settlement agreement to pay the U.S Government \$4 million. Magnetic Therapy previously pled guilty to a 1-count information charging mail fraud in connection with the submission of a false claim to Medicare.

The sentence is the result of a 4-year investigation into Magnetic Therapy's activities which disclosed a scheme to knowingly submit experimental electromagnetic therapy treatments for payment to Medicare, Tricare, private insurance carriers and their patients. The treatments were performed with an electromagnetic device, conducted under a clinical trial and or an investigational basis not yet approved by the U.S. Food and Drug Administration (FDA). Magnetic Therapy used fraudulent billing codes (ultrasound and physical therapeutic medicine) as the procedure actually performed, which is not a reimbursable service according to Federal healthcare program regulations. The treatments reportedly relieve arthritis and were provided to patients during the period 1990 through 1994.